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Michael E. Glover
Senior Vice President & Deputy General Counsel

MAR 26 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

1515 North Court House Road
Suite 500
Arlington, VA 22201

Tel: (703) 351-3860
Fax: (703) 351-3662
michael.e.glover@Verizon.com

March 26, 2002

02-67

VIA HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
Room TW-B-204
445 Twelfth Street, S.W.
Washington, D.C. 20544

**REDACTED -
For Public Inspection**

Re: Application by Verizon New Jersey Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in New Jersey

Dear Mr. Caton:

This is the cover letter for the Supplemental Filing of Verizon New Jersey Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization To Provide In-Region, InterLATA Services in New Jersey ("the Application").

Consistent with the Commission's prior orders, this Supplemental Filing incorporates in its entirety Verizon's previous application to provide long distance service in New Jersey. In addition, this Supplemental Filing provides additional information to supplement the record amassed on that application. In particular, that previous record demonstrates that the one issue that remained in genuine dispute was the non-recurring rate for performing a hot cut in New Jersey. As explained in Verizon's original application, that rate was calculated and set by the New Jersey Board of Public Utilities based on an extensive proceeding in which the BPU found that the rate complied with TELRIC principles. Nevertheless, to eliminate this as an issue and in an effort to

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accelerate review, Verizon has voluntarily agreed to reduce the hot-cut rate to the same level that was recently agreed to in New York as part of a broad settlement endorsed by more than a dozen CLECs and approved by the New York Public Service Commission.

Because there is already an extensive record on Verizon's original application and the remaining narrow issue has been addressed, we respectfully urge the Commission to establish an expedited schedule for the current proceeding. Doing so is strongly in the public interest. As Verizon previously demonstrated, the local market in New Jersey is open and granting this application will accelerate for consumers in New Jersey the proven benefits that have followed from Verizon's entry into the long distance business in other states.

This Application contains confidential information. We are filing confidential and redacted versions of the Application.

1. The Application consists of (a) a stand-alone document entitled "Supplemental Filing of Verizon New Jersey" ("the Brief"), and (b) supporting documentation. The supporting documentation is organized as follows:

- a. Appendix A includes declarations and attachments thereto in support of the Brief; and
- b. Appendix B consists of Carrier-to-Carrier Reports, Trend Reports, and Summary Measurements Reports.

2. Specifically, we are herewith submitting for filing:

- a. One original of only the portions of the Application that contain confidential information (in paper form, except for Appendix B, portions of which are being filed only on CD-ROM)
- b. One original of a redacted Application (in paper form);
- c. One copy of the redacted Application (in paper form);
- d. One CD-ROM set containing the Brief and the supporting-documentation portion of the redacted Application; and
- e. Four additional copies of the redacted Application (partly in paper form and partly on CD-ROM, in accordance with the Commission's filing requirements), so that each Commissioner may receive a copy.

3. We are also tendering to you certain copies of this letter and of portions of the Application for date-stamping purposes. Please date-stamp and return these materials.

4. Under separate cover, we are submitting copies (redacted as appropriate) of the Application to Ms. Janice Myles, Policy and Program Planning Division, Wireline Competition

Bureau, Federal Communications Commission, Room 5-C-327, 445 12th Street, SW, Washington, D.C. 20554. We are also submitting copies (redacted as appropriate) to the Department of Justice, to the New Jersey Board of Public Utilities, and to Qualex (the Commission's copy contractor).

Thank you for your assistance in this matter. If you have any questions, please call me at 703-351-3860 or Steven McPherson at 703-351-3083.

Very truly yours,

A handwritten signature in cursive script that reads "Michael Glover". The signature is written in black ink and is positioned above the printed name.

Michael E. Glover

Encs.

SUPPLEMENTAL FILING OF VERIZON NEW JERSEY

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SUPPLEMENTAL FILING OF VERIZON NEW JERSEY

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SUPPLEMENTAL FILING OF VERIZON NEW JERSEY

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Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Application by Verizon New Jersey)
Inc., Bell Atlantic Communications,)
Inc. (d/b/a Verizon Long Distance),)
NYNEX Long Distance Company)
(d/b/a Verizon Enterprise Solutions),)
Verizon Global Networks Inc., and)
Verizon Select Services Inc., for)
Authorization To Provide In-Region,)
InterLATA Services in New Jersey)

CC Docket No. 02- 67

SUPPLEMENTAL FILING OF VERIZON NEW JERSEY

Evan T. Leo
Scott H. Angstreich
Kellogg, Huber, Hansen, Todd &
Evans, P.L.L.C.
Sumner Square
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900

Michael E. Glover
Karen Zacharia
Leslie V. Owsley
Donna M. Epps
Joseph DiBella
Verizon
1515 North Court House Road
Suite 500
Arlington, Virginia 22201
(703) 351-3860

James G. Pachulski
TechNet Law Group, P.C.
1100 New York Avenue, N.W.
Suite 365
Washington, D.C. 20005
(202) 589-0120

Bruce D. Cohen
A. Ayo Sanderson
Verizon New Jersey Inc.
540 Broad Street
Second Floor
Newark, New Jersey 07101
(973) 649-2656

Catherine K. Ronis
Russell P. Hanser
Wilmer, Cutler & Pickering
2445 M Street, NW
Washington, DC 20037
(202) 663-6380

March 26, 2002

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(Local Competition)

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INTRODUCTION AND SUMMARY

In its original Application to provide long distance service in New Jersey, Verizon made a comprehensive showing that it complies with the checklist and that its Application should be approved. Following an exhaustive review, the New Jersey BPU agreed, finding that “Verizon NJ is meeting its legal obligations to provide each of the 14 checklist items,” and that “the New Jersey local telephone markets are fully and irreversibly open to competition.” The Department of Justice likewise “recommend[ed] approval” of Verizon’s Application.

In accordance with the Commission’s prior orders, this re-filed Application adopts *in toto* Verizon’s original Application and the extensive record amassed in that proceeding. That record demonstrates that there is only one, narrow issue that remained in genuine dispute: the non-recurring rate for performing a hot cut in New Jersey. As explained in Verizon’s original Application, that rate was calculated and set by the New Jersey BPU in an extensive pricing proceeding in which the BPU found that the hot-cut rate complied with TELRIC principles. Moreover, the rate is based on costs that are comparable to the costs that the New York PSC found appropriate in its own exhaustive pricing proceeding.

Nevertheless, to eliminate concerns raised by some parties about the non-recurring hot-cut rate in New Jersey, Verizon has voluntarily agreed to reduce that rate to the same level that was recently agreed to in New York pursuant to a broad settlement adopted by the New York PSC. Although the New York settlement agreement makes clear that the higher rates that resulted from the PSC’s UNE proceeding continue to be the “cost-based rates . . . for [hot-cut] procedures,” it provided for a credit that reduces the non-recurring hot-cut rate in New York to an effective rate of \$35.00. Significantly, this rate was endorsed by more than a dozen different CLECs, including the same CLECs that complained about the hot-cut rate in New Jersey.

In sum, with the supplemental information provided here, it is all the more clear that the local market in New Jersey is open to competition, and that Verizon's Application to provide long distance service there should be approved. Indeed, because there is already an extensive record on Verizon's original Application and the remaining issue here is narrow, we respectfully urge the Commission to reach an expedited decision in the current proceeding. Doing so is strongly in the public interest because it will accelerate for consumers in New Jersey the proven benefits that have followed Verizon's entry into the long distance market in other states.

For all these reasons, the Commission should grant Verizon's Application expeditiously.

ARGUMENT

Verizon's original Application demonstrated that it satisfies the checklist in all respects, and that its Application should be granted. Nevertheless, Verizon withdrew its Application in response to procedural concerns focusing on the non-recurring rate to complete a hot cut that the New Jersey BPU calculated and established. The supplemental evidence provided here demonstrates that the concerns regarding this issue have been fully resolved, and that Verizon's Application should be granted expeditiously.

As an initial matter, the record amassed on Verizon's original Application makes clear that there is no serious dispute that Verizon has satisfied all non-pricing aspects of the checklist. Indeed, Verizon has demonstrated that it has taken the same extensive steps to open its local markets in New Jersey as it has taken in those states in which the Commission has approved its long distance applications; that it uses substantially the same processes and procedures to provide the various checklist items in New Jersey as it uses in its 271-approved states; that competing carriers have actually used the various checklist items in commercial volumes to enter the local market in New Jersey through all three entry paths available under the Act; that Verizon's performance in providing the various checklist items has been excellent; and that Verizon's OSS in New Jersey are in place, operational, handling commercial volumes, and have been subject to an exhaustive third-party test on which Verizon received a perfect score.¹

This all remains equally true today. For example, in the last four months for which data have become available since Verizon's original Application was filed, competing carriers have added a net of approximately 50,000 new lines in New Jersey. See Torre Supplemental Decl.

¹ See, e.g., Application at 14-17; Reply Comments at 1, 6-7; Lacouture/Ruesterholz Decl. ¶¶ 7-8, 13, 40, 76, 278, 318, 333; Lacouture/Ruesterholz Reply Decl. ¶¶ 5-13, 20, 28, 30-35, 38, 41, 44, 46-4752-60, 62, 67-73, 87-96; McLean/Wierzbicki/Webster Decl. ¶¶ 7-8, 10, 23; McLean/Wierzbicki/Webster Reply Decl. ¶¶ 5-12, 64.

Att. 1 ¶ 2. During that same period, the number of lines being served by competitors using the UNE platform has roughly doubled, to nearly 40,000 platform lines. See id. And the number of residential lines served by competitors using facilities they have deployed themselves and using the UNE platform have each more than doubled as well. See id.

Likewise, Verizon's performance continues to be excellent. Verizon's original Application submitted performance data from August through October 2001, and in its reply comments Verizon provided performance data for November and December 2001, all of which this supplemental filing incorporates into the record of this proceeding. Included with this supplemental filing is performance data from January and February 2002. See Supplemental App. B, Tabs 1-4. During the seven-month period for which data are now in the record, Verizon's performance under the BPU-approved measurements demonstrates that it:

- met the installation appointments for providing interconnection trunks to CLECs over 99.5 percent of the time;
- met the installation appointments for providing physical collocation arrangements to CLECs 100 percent of the time;
- completed 99.5 percent of CLECs' platform orders, and more than 98 percent of CLECs' stand-alone voice-grade loop orders, on time;
- completed more than 97 percent of CLECs' hot-cut orders on time;
- met more than 99 percent of its installation appointments for CLECs' unbundled DSL-capable loops which required a dispatch of a Verizon technician; and
- met more than 99 percent of its installation appointments for CLECs' resale orders that did not require the dispatch of a Verizon technician, and more than 95 percent of resale orders that did require a dispatch.

See id. Tab 2; Lacouture/Ruesterholz Decl. ¶¶ 23, 42-43, 80, 94, 117, 141, 212;

Lacouture/Ruesterholz Reply Decl. ¶¶ 5, 12, 25, 62, 68.²

The record in the original proceedings as well as this supplemental filing also demonstrates that there are no genuine outstanding issues with respect to the wholesale rates established by the New Jersey BPU. In fact, the full record here demonstrates both that the BPU followed TELRIC principles and that the rates established by the BPU satisfy the Commission's established benchmark test when compared to the rates recently adopted in New York that CLECs have argued should be the standard. And the non-recurring hot-cut charge in New Jersey has been reduced to the settlement rate that the CLECs agreed to in New York and argued should apply in New Jersey as well.

A. Pricing of Network Elements.

Under well-settled precedent, the Commission "will not conduct a *de novo* review of a state's pricing determinations and will reject an application only if 'basic TELRIC principles are violated or the state commission makes *clear errors* in factual findings on matters so substantial that the end result falls outside the range that the reasonable application of TELRIC principles would produce.'" Kansas/Oklahoma Order ¶ 59 (quoting New York Order ¶ 244) (emphasis

² Late in the course of the original proceedings, one CLEC (MetTel) filed a series of ex partes claiming that Verizon's performance in returning status notifiers to CLECs was flawed. As Verizon previously explained, these claims are misplaced. See Ex Parte letter from Clint E. Odom, Verizon, to William Caton, Acting Secretary, FCC, CC Docket No. 01-347 (Feb. 25, 2002). In reality, Verizon's performance has been excellent. As explained in detail in the accompanying supplemental declaration, Verizon regularly returns order confirmation and reject notices within the established interval more than 95 percent of the time; regularly returns provisioning completion notices and billing completion notices within the intervals previously approved by this Commission more than 95 percent of the time; and Verizon receives trouble tickets relating to potentially missing notifiers on only one-tenth of one percent of CLECs' orders, virtually all of those come from a single carrier, and those trouble tickets are resolved in a timely fashion. See McLean/Wierzbicki/Webster/Canny Supplemental Decl. ¶¶ 6-43.

added).³ As the record here demonstrates, there is no basis for disturbing the BPU's rate determinations under the Commission's established standard.

As an initial matter, there is no question that the BPU followed "basic TELRIC principles." As the Commission has recognized, the use of TELRIC principles does not mandate adherence to any specific formulas or set of inputs and assumptions. Rather, it refers more generically to the use of a methodology where "prices for interconnection and unbundled network elements recover the forward-looking costs over the long run directly attributable to the specified element, as well as a reasonable allocation of forward-looking common costs." Michigan Order ¶ 290.⁴ Accordingly, "use of TELRIC principles will necessarily result in varying prices from state to state because the parameters of TELRIC may vary from state to state." Id. ¶ 291.

Likewise, no party has shown that the BPU has committed a clear error in establishing wholesale rates in New Jersey, nor could they. As the courts have held, the clear error standard is "narrow" and "highly deferential," and parties seeking to establish a clear error bear a heavy burden of demonstrating that a clear error was committed.⁵ Moreover, the burden of establishing

³ Joint Application by SBC Communications Inc., et al., for Provision of In-Region, InterLATA Services in Kansas and Oklahoma, Memorandum Opinion and Order, 16 FCC Rcd 6237 (2001) ("Kansas/Oklahoma Order"); Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York, Memorandum Opinion and Order, 15 FCC Rcd 3953 (1999) ("New York Order").

⁴ Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services In Michigan, Memorandum Opinion and Order, 12 FCC Rcd 20543 (1997) ("Michigan Order").

⁵ Citizens to Preserve Overton Park, Inc. v. Volpe, 401 U.S. 402, 416 (1971); MCI WorldCom Network Servs., Inc. v. FCC, 274 F.3d 542, 547 (D.C. Cir. 2002); see also Bailey v. Federal Nat'l Mortgage Ass'n, 209 F.3d 740, 743 (D.C. Cir. 2000); cf. Allentown Mack Sales & Serv., Inc. v. NLRB, 522 U.S. 359, 376 (1998) (agency must "apply in fact the clearly understood legal standards that it enunciates in principle").

a clear error is particularly heavy here “given the necessarily imprecise nature of setting TELRIC-based pricing.” Kansas/Oklahoma Order ¶ 66. Against this backdrop, there is no basis on which to conclude that the New Jersey BPU committed a clear error in establishing wholesale rates. Nor is there any basis on which to conclude that any supposed error takes the BPU’s rates outside the range that a reasonable application of TELRIC principles would produce.

First, as Verizon has previously explained, the New Jersey BPU applied TELRIC principles in establishing Verizon’s rates. Indeed, as the BPU has confirmed, it “established TELRIC-compliant rates for UNEs” that are “the lowest rates in the Verizon region and among the lowest in the country.” BPU Report at 24. Moreover, it established these rates in an exhaustive 18-month pricing proceeding in which it determined that it adhered to TELRIC principles. See Application at 90-94; Garzillo/Prosini Decl. ¶¶ 18-25. With respect to the assumptions regarding each of the inputs used to establish Verizon’s rates — including the depreciation lives, cost of capital, fiber feeder, fill factors, and switching-cost inputs — the record in this proceeding demonstrates that the BPU followed principles that are consistent with what this Commission has found TELRIC-compliant in the past.⁶ Those rates became effective on December 17, 2001. See Garzillo/Prosini Decl. ¶ 25. And the BPU has recently released a 300-page order, which further elaborates the BPU’s reasoning in deciding inputs and establishing rates, confirms the holdings of the BPU’s earlier pricing orders, and reiterates the BPU’s findings that the rates it established are “based upon the existing TELRIC principles.”⁷

⁶ See Garzillo/Prosini Decl. ¶¶ 33-39; Garzillo/Prosini Reply Decl. ¶¶ 6, 8, 10, 12, 15; Ex Parte letter from Clint E. Odom, Verizon, to William Caton, Acting Secretary, FCC, CC Docket No. 01-347, at 7-8 (Feb. 20, 2002) (“February 20, 2002 Ex Parte”); Ex Parte Letter from Clint E. Odom, Verizon, to William Caton, FCC, CC Docket No. 01-347 (Mar. 13, 2002).

⁷ Review of Unbundled Network Elements Rates, Terms and Conditions of Bell Atlantic-New Jersey, Inc., Decision and Order, Docket No. TO00060356, at 11 (NJ BPU rel. Mar. 6,

Second, as Verizon demonstrated in its original Application, the rates set by the BPU also satisfy this Commission's well-established benchmark standard, and must be approved for this independent reason as well. The D.C. Circuit has recently affirmed the Commission's practice of using a benchmark test and, where that test is met, of refusing to look behind the rates to determine whether they were "calculated by TELRIC means." Sprint Communications v. FCC, 274 F.3d 549, 561 (D.C. Cir. 2001). The court reasoned that "[t]o create a distinction between properly derived cost-based rates and rates that were equal to them . . . 'would promote form over substance, which, given the necessarily imprecise nature of setting TELRIC-based pricing, is wholly unnecessary.'" Id. (quoting Kansas/Oklahoma Order ¶ 87).

The Commission also has recently determined that the rates recently adopted by the New York PSC may be used as a benchmark given: (1) the Commission's "previous conclusion that the New York Commission had conducted a TELRIC compliant proceeding when it set Bell Atlantic's original UNE rates," and the affirmation of that decision by the Commission and the D.C. Circuit; (2) the exhaustive nature of the PSC's pricing proceeding; and (3) the fact that the New York rates are "lower and more in line with the rates we have approved in considering other section 271 applications." Rhode Island Order ¶ 53.⁸ Moreover, as Verizon has previously demonstrated, the Commission may compare the rates established by the New Jersey BPU with the rates recently adopted in New York. In particular, New Jersey and New York are adjoining states, Verizon has similar rate structures for unbundled network elements in both states, and the Commission has already found that the new New York rates are reasonable. See Garzillo/Prosini

2002) ("Final Order"), attached to Ex Parte Letter from David Samson, Attorney General, New Jersey, to Magalie Roman Salas, Secretary, FCC, CC Docket No. 01-347 (Mar. 7, 2002).

⁸ Application by Verizon New England Inc., et al., for Authorization To Provide In-Region, InterLATA Services in Rhode Island, Memorandum Opinion and Order, CC Docket No. 01-324, FCC 02-63 (rel. Feb. 22, 2002) ("Rhode Island Order").

Decl. ¶ 45; Rhode Island Order ¶ 38; Pennsylvania Order ¶ 64.⁹ And, of course, the CLECs themselves have argued that the recently adopted New York rates are an appropriate benchmark for New Jersey.¹⁰

Of course, section 271 does not require proof that the rates in an applicant state have been set at the lowest level adopted in any other state. As the Commission has held, a section 271 applicant “need not demonstrate” that the rates in the applicant state “pass the benchmark test for each and every state that it might be compared with to show that its rates are within the reasonable range of what TELRIC would produce.” Arkansas/Missouri Order ¶ 56.¹¹ Both the Commission and the courts have instead recognized that TELRIC is not designed to produce the same result in every case.¹² And while the Commission has recently held that it is appropriate to use the recently adopted New York rates as a benchmark, it expressly found that, “in future applications, Verizon and other BOCs are free to rely on benchmark comparisons to rates in other appropriate, section-271 approved states . . . as evidence that rates in the applicant state satisfy checklist item two.” Rhode Island Order ¶ 39.

⁹ Application of Verizon Pennsylvania Inc., et al., for Authorization To Provide In-Region, InterLATA Services in Pennsylvania, Memorandum Opinion and Order, 16 FCC Rcd 17419 (2001) (“Pennsylvania Order”).

¹⁰ See, e.g., AT&T Comments in CC Docket No. 01-347 at 15-16; AT&T Reply Comments in CC Docket No. 01-347 at 10-12; WorldCom Comments in CC Docket No. 01-347 at 7.

¹¹ Joint Application by SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Arkansas and Missouri, Memorandum Opinion and Order ¶ 65, CC Docket No. 01-194, FCC 01-338 (rel. Nov. 16, 2001) (“Arkansas/Missouri Order”).

¹² See, e.g., AT&T Corp. v. FCC, 220 F.3d 607, 615 (D.C. Cir. 2000) (“application of TELRIC principles may result in different rates in different states”); Michigan Order ¶ 291 (“use of TELRIC principles will necessarily result in varying prices from state to state because the parameters of TELRIC vary from state to state”).

Although Verizon is not required to demonstrate that the rates established by the New Jersey BPU are comparable (relative to cost levels) to the newly adopted rates in New York, the facts here nonetheless demonstrate that they are. As described below, when compared to the newly established rates in New York, the loop and non-loop rates in New Jersey satisfy the Commission's benchmark standard.

Loop Rates. The unbundled local loop rates in New Jersey are comparatively lower (relative to cost) than the newly set rates in New York. The Commission's USF cost model shows that the costs in New Jersey are approximately 16 percent *higher* than the costs in New York. See Garzillo/Prosini Supplemental Decl. ¶ 31.¹³ By comparison, the statewide approved loop rate in New Jersey is approximately 17 percent *lower* than the statewide approved rate in New York. See Garzillo/Prosini Supplemental Decl. ¶ 31. As the Commission has held, where, as here, "the percentage difference between the applicant state's rates and the benchmark state's rates does not exceed the percentage difference between the applicant state's costs and the benchmark state's costs, as predicted by the USF model, *then we will find that the applicant has met its burden to show that its rates are TELRIC-compliant.*" Pennsylvania Order ¶ 65 (emphasis added).

Non-Loop Rates. In determining whether non-loop rates fall within the range that a reasonable application of TELRIC would permit, because the various non-loop elements are purchased together, the Commission previously has examined those rates in the aggregate.¹⁴ Applying a similar comparison here demonstrates that Verizon's non-loop rates fall within the

¹³ See also Kansas/Oklahoma Order ¶ 84 (the USF cost model "accurately reflects the relative cost differences among states"); Pennsylvania Order ¶ 65 ("[O]ur USF cost model provides a reasonable basis for comparing cost differences between states.").

¹⁴ See, e.g., Application of Verizon New England Inc., et al., For Authorization to Provide In-Region, InterLATA Services in Massachusetts, Memorandum Opinion and Order, 16 FCC Rcd 8988, ¶ 25 (2001) ("Massachusetts Order"); Arkansas/Missouri Order ¶ 60.

range that a reasonable application of TELRIC would produce. In New Jersey, the statewide average aggregate costs for switching usage, a switching port, transport, and signaling — based on actual state-specific dial equipment minutes (from ARMIS)¹⁵ — are *higher* than the costs in New York. See Garzillo/Prosini Supplemental Decl. ¶ 33-34.¹⁶ By comparison, the statewide average aggregate rates for switching usage, a switching port, transport, and signaling are *lower* than the rates in New York. See Garzillo/Prosini Supplemental Decl. ¶¶ 33-34. Accordingly, “the percentage difference between the applicant state’s rates and the benchmark state’s rates does not exceed the percentage difference between the applicant state’s costs and the benchmark state’s costs.” Pennsylvania Order ¶ 65. Verizon therefore has “met its burden to show that its rates are TELRIC-compliant.” Id.

Combinations of Loop and Non-Loop Elements. While both the loop and non-loop rates in New Jersey individually satisfy a benchmark comparison with the rates recently adopted in New York, the Commission can take additional comfort that the rates at issue here are well within the range of reasonableness from the fact that the combined loop and non-loop rates set by the New Jersey BPU are substantially *lower* (relative to cost) than the newly established New York rates. As Verizon has explained previously, although CLECs sometimes purchase loops alone, CLECs purchase non-loop elements only in combination with loops. Moreover, the Commission previously has explained that it is appropriate to compare the rates for elements that are purchased together on a combined basis. See, e.g., Massachusetts Order ¶ 25; Pennsylvania

¹⁵ See Rhode Island Order ¶ 55 n.149 (“where available, verifiable state-specific data provide a more valid comparison”); Arkansas/Missouri Order ¶ 60 n.161 (relying on state-specific data from ARMIS).

¹⁶ Moreover, this holds true whether the calculation is performed by allocating the minutes of use among call types using actual state-specific data or when the calculation is performed by allocating the minutes of use among call types using the Commission’s standard assumptions. See Garzillo/Prosini Supplemental Decl. ¶¶ 32-34; Pennsylvania Order ¶ 67 n.252 (describing assumptions used in comparing aggregate non-loop rates in two different states).

Order ¶ 67 n.252; Rhode Island Order ¶ 40 n.108. Thus, while it is appropriate to benchmark loops alone — because they are purchased separately — non-loop rates can properly be analyzed in combination with loop rates — because they are purchased in combination. In New Jersey, the loop and non-loop rates combined not only satisfy the benchmark test against the “new” New York rates, but are in fact about 24 percent lower than the maximum combined rate that would be permitted by such analysis. See Garzillo/Prosini Supplemental Decl. ¶ 36.

B. Non-Recurring Hot-Cut Rate.

As Verizon explained in its original Application, the non-recurring rate for performing a hot cut in New Jersey was calculated and established by the New Jersey BPU in an extensive TELRIC pricing proceeding, and the BPU found that this rate was TELRIC-compliant. See Reply Comments at 39; Garzillo/Prosini Reply Decl. ¶¶ 18-26. This rate was higher than the previous New Jersey rate — and higher than the rates in some other Verizon states — because the New Jersey BPU was the first state commission in Verizon’s region to review and adopt the “next generation” of cost studies that reflect the new hot-cut processes that Verizon has implemented. See Reply Comments at 40-41; Garzillo/Prosini Reply Decl. ¶ 18. These hot-cut processes were designed through a collaborative proceeding with CLECs that was conducted under the auspices of the New York PSC, and then adopted *in toto* in New Jersey. See Garzillo/Prosini Supplemental Decl. ¶ 21 & Att. 2 at 1. Many of the steps in the hot-cut process were specifically requested by CLECs, and are designed to ensure the CLECs have properly completed the tasks that they must perform themselves to complete a hot cut successfully, such as establishing dial tone from their switch. See id. ¶¶ 22-23 & Att. 2 at 3-5. Moreover, while some CLECs are now effectively trying to claim that these processes are unnecessary, they have

in fact proven valuable in preventing CLECs' own errors during the hot-cut process from placing customers out of service. See id. ¶ 24; see also Lacouture/Ruesterholz Reply Decl. ¶ 17.

Although New Jersey was the first state to determine the cost to complete a hot-cut using these agreed-upon procedures, shortly thereafter the New York PSC determined the cost to complete a hot cut based upon these same procedures.¹⁷ The PSC found that the cost to complete a hot cut is not only comparable to the cost determined by the New Jersey BPU, but is actually slightly higher. See Garzillo/Prosini Supplemental Decl. ¶ 8; Garzillo/Prosini Reply Decl. ¶ 27. Because the New York PSC conducted a "detailed and lengthy rate review" and "has demonstrated an admirable commitment to accurate, cost-based rate making," Rhode Island Order ¶¶ 50, 52, the Commission "place[s] great weight" on its determination in this regard. New York Order ¶ 238. The cost determination by the New York PSC therefore provides independent confirmation that the costs determined by the New Jersey BPU are reasonable. And it is all the more appropriate to look to the PSC's determination as affirming the New Jersey BPU's own conclusion given that CLECs themselves have repeatedly argued that the rates recently adopted by the New York PSC — which otherwise substantially *reduced* Verizon's prior UNE rates — should be the standard that other states should follow.

Moreover, the Commission has previously found that it is appropriate to compare the non-recurring rates in two states when "the NRCs in both states consist of the same types of inputs in the same basic proportions; the activities are the same for each UNE from state-to-state;

¹⁷ See Reply Comments at 41; Garzillo/Prosini Reply Decl. ¶ 27; Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements, Recommended Decision on Module 3 Issues, Case 98-C-1357, App. C, Schedule 1, at 11 (May 16, 2001) (proposing New York rates); Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements, Order on Unbundled Network Element Rates, Case 98-C-1357, at 139-45, 161-62 (NY PSC Jan. 28, 2002) (accepting recommended decision's rates).

the times are the same for each activity; and the work group and task occurrence factors are the same for each state.” Arkansas/Missouri Order ¶ 75. As described below, the hot-cut processes in New Jersey and New York clearly satisfy this standard.

First, Verizon uses the same common set of methods, procedures, processes, and work steps to perform hot cuts in New Jersey as it uses in New York, and it assigns comparably sized and skilled work forces to the actual task of performing hot cuts. See Garzillo/Prosini Supplemental Decl. ¶ 9 & Att. 2 at 1-8. Such processes include steps designed to identify and quickly correct problems that occur on the CLEC’s own side of performing a hot cut. See id. ¶¶ 22-23 & Att. 2 at 3-5. In both states, Verizon also uses the same procedures to verify a CLEC’s hot-cut order; to transfer a line from an integrated DLC facility to an alternative copper or universal DLC facility; and to pre-wire a CLEC’s collocation arrangement to Verizon’s main distribution frame. See id. Att. 2 at 2-7.

Second, contrary to the claims of some CLECs, the state commissions in both New Jersey and New York have determined that the hot-cut rates they established reflect valid work-time estimates and incorporate the adjustments those commissions deemed necessary to reflect efficient processes. See id. ¶¶ 26-27. The non-recurring cost studies that the New York PSC adopted were developed over the course of several years during which the PSC stringently required Verizon to produce statistically reliable work-time estimates for performing a hot cut. See id. ¶¶ 12-14. At the end of this process, the Administrative Law Judge overseeing the New York TELRIC proceeding concluded that Verizon had “made a credible effort to produce a forward-looking study of its non-recurring cost,” and had resolved “any concerns about the

statistical validity of the study” supporting its work-time estimates.¹⁸ The New York PSC then adopted the ALJ’s proposed hot-cut rates (with one minor modification), finding that he had adequately explained “the basis on which he found Verizon’s current studies to be generally acceptable.”¹⁹

The New Jersey BPU also conducted an exhaustive review of Verizon’s non-recurring cost study. See Garzillo/Prosini Supplemental Decl. ¶¶ 17-18. While the study and work-time estimates that Verizon submitted in New Jersey were comparable to what Verizon submitted in New York, the BPU ordered a number of modifications to the study, including certain reductions in Verizon’s work-time estimates. See id. ¶¶ 19-20. In particular, the BPU directed Verizon to make specific changes to its non-recurring cost studies for each of the tasks about which the BPU had concerns, and recalculated the hot-cut charge itself to incorporate those changes. See id. The BPU concluded that, with these modifications, Verizon’s non-recurring cost methodology was “sound, in that it makes reasonable estimates of the time currently taken for each activity.” Final Order at 162. Indeed, the work-time estimates on which the BPU relied are comparable to the estimates that the New York PSC found statistically valid and reliable. See Garzillo/Prosini Supplemental Decl. ¶¶ 17, 19.

Despite all this, several CLECs argued during the course of the original proceeding that the appropriate rate for purposes of a benchmark comparison is not the rate that the New York PSC established pursuant to its pricing proceeding, but rather the rate that the PSC subsequently

¹⁸ Recommended Decision on Module 3 Issues by Administrative Law Judge Joel A. Linsider, Proceeding on Motion of the Commission to Examine New York Telephone Company’s Rates for Unbundled Network Elements, Case 98-C-1357, at 186, 188 (NY PSC May 16, 2001); see Garzillo/Prosini Supplemental Decl. ¶ 13.

¹⁹ Proceeding on Motion of the Commission to Examine New York Telephone Company’s Rates for Unbundled Network Elements, Order on Unbundled Network Element Rates, Case 98-C-1357, at 141 (NY PSC Jan. 28, 2002); see Garzillo/Prosini Supplemental Decl. ¶ 14.

adopted pursuant to a comprehensive negotiated settlement agreement. In New York, Verizon agreed to credit hot-cut payments over \$35.00 back to the CLEC for a two-year period.

Significantly, the agreement makes clear that the \$185.19 rate still represents “the cost-based rates established in the [New York] Commission’s UNE Rate Order for [hot-cut] procedures.”

Joint Proposal Concerning Verizon Incentive Plan at 2, attached to Proceeding on Motion of the Commission to Consider Cost Recovery by Verizon and to Investigate the Future Regulatory Framework, Order Instituting Verizon Incentive Plan, Case Nos. 00-C-1945, 98-C-1357 (NY PSC Feb. 27, 2002) (“NYPSC Settlement Order”). Verizon nonetheless agreed to reduce that rate as part of a broad settlement, which was endorsed by numerous CLECs — including the same ones that have complained about the non-recurring hot-cut rate in New Jersey — and approved by the New York PSC.

As a result, the appropriate rate for use in any benchmark comparison in New Jersey is the original cost-based rate established by the PSC. Nevertheless, to eliminate any conceivable issue with respect to the hot-cut rate in New Jersey, Verizon has voluntarily agreed to reduce that rate in order to remove any possible concerns that the non-recurring hot-cut rate is somehow too high. Specifically, on March 20, 2002, Verizon informed the New Jersey BPU that, effective immediately, it would provide CLECs in New Jersey with the same credit it agreed to provide CLECs in New York. See Garzillo/Prosini Supplemental Decl. ¶ 4 & Att. 1. This served to reduce the effective non-recurring hot-cut rate in New Jersey to the same level — \$35 — that was recently agreed to in New York. See id. Verizon has agreed to keep this rate in effect until the BPU completes its review of AT&T’s pending request for reconsideration of the BPU’s pricing decision, or for two years (the term of the New York settlement), whichever occurs first. See id. ¶ 5.

It is beyond serious dispute that the \$35 non-recurring hot-cut rate that is now in effect in New Jersey satisfies the requirements of the Act. The new rate is a small fraction of what both the New Jersey and New York commissions have determined is the appropriate TELRIC rate. As the Commission has found, given that both the New York PSC and New Jersey BPU have “demonstrated [a] commitment to TELRIC,” the fact that the new rates are lower than rates they have approved provides strong evidence that the “voluntarily-discounted rates fall within a range of what TELRIC would produce.” Arkansas/Missouri Order ¶ 62. And, like the “voluntary rate reductions” the Commission has approved in the past, the reduction here is “designed to encourage competition” and is “reasonable” in that it focuses “on those rates that were highest in relation” to other states. Id. ¶ 61.

Moreover, the new rate is based on the rate approved in New York, which more than a dozen CLECs — including those who objected to Verizon’s rates in New Jersey (*e.g.*, AT&T, WorldCom, and Conversent) — have either expressly agreed to, or filed statements with the New York PSC supporting. See Garzillo/Prosini Supplemental Decl. ¶ 5; NYPSC Settlement Order at 4. These CLECs already have acknowledged that this rate enables them to compete on highly favorable terms. Even AT&T, for example, informed the PUC that “with the UNE rate decision and the settlement, it can compete aggressively across the broad spectrum of the local market . . . to compete in the short term and to invest for the long.” NYPSC Settlement Order at 20. Another CLEC asserted that the settlement rates are “just and reasonable” and “encourag[e] the development of competition.” Id. at 19-20 (citing BridgeCom). And because the processes for performing a hot cut in New Jersey are substantially the same as those in New York, the fact that the CLECs have approved of the \$35 hot cut rate in New York leaves them with no legitimate dispute regarding the adoption of this same rate in New Jersey.

The Commission has held that it “is not a violation of basic TELRIC principles” to establish rates based on a “settlement-type approach.” Kansas/Oklahoma Order ¶ 64. This is, of course, completely consistent with the terms of the Act, which requires ILECs to enter into negotiated agreements that “shall include a detailed schedule of itemized charges for . . . each service or network element.” 47 U.S.C. § 252(a)(1). And, as the Commission has recognized, a Bell company may rely on such negotiated agreements for purposes of demonstrating compliance with the checklist requirements of section 271. See, e.g., Texas Order ¶ 78²⁰ (finding that SWBT satisfied the interconnection requirements of the checklist based on the terms of its interconnection agreement with WorldCom).²¹

Finally, the new non-recurring hot-cut rate in New Jersey compares favorably with the non-recurring rates that the Commission has approved for providing unbundled elements where the provisioning involved is less complicated and less time consuming than performing a hot cut. See, e.g., Arkansas/Missouri Order ¶ 71 (approving NRCs for new UNE-P combinations of \$46 in Missouri, which “are slightly higher than in Texas (\$39) but less than NRCs . . . in Oklahoma (\$64) and Kansas (\$62)”); Kansas/Oklahoma Order ¶ 58 (approving NRCs for new UNE service order in Kansas of “\$59.05 for electronically-processed orders and \$67.95 for manually-processed orders.”); id. ¶ 97 (approving NRCs for new UNE service order in Oklahoma of “\$64.16 for electronically-processed orders and \$84.21 for manually-processed orders.”).

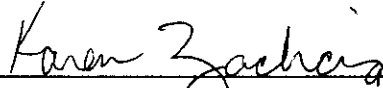
²⁰ Application by SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Texas, Memorandum Opinion and Order, 15 FCC Rcd 18354 (2000).

²¹ The Commission also has approved of rates adopted through a broad settlement in other contexts. See, e.g., Access Charge Reform, Sixth Report and Order, 15 FCC Rcd 12962, ¶ 75 (2000) (justifying adoption of CALLS plan on the ground that consumers would enjoy price reductions that carriers had volunteered to offer).

CONCLUSION

Verizon's Application to provide interLATA service originating in New Jersey should be granted.

Respectfully submitted,



Michael E. Glover
Karen Zacharia
Leslie V. Owsley
Donna M. Epps
Joseph DiBella
Verizon
1515 North Court House Road
Suite 500
Arlington, Virginia 22201
(703) 351-3860

Evan T. Leo
Scott H. Angstreich
Kellogg, Huber, Hansen, Todd &
Evans, P.L.L.C.
Sumner Square
1615 M Street, N.W.
Suite 400
Washington, D.C. 20036
(202) 326-7900

James G. Pachulski
TechNet Law Group, P.C.
1100 New York Avenue, N.W.
Suite 365
Washington, D.C. 20005
(202) 589-0120

Catherine K. Ronis
Russell P. Hanser
Wilmer, Cutler & Pickering
2445 M Street, NW
Washington, DC 20037
(202) 663-6380

Bruce D. Cohen
A. Ayo Sanderson
Verizon New Jersey Inc.
540 Broad Street
Second Floor
Newark, New Jersey 07101
(973) 649-2656



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A

Required Statements

Pursuant to the Commission's March 23, 2001 Public Notice entitled Updated Filing Requirements for Bell Operating Company Applications Under Section 271 of the Communications Act, DA 01-734 (rel. March 23, 2001), Verizon states as follows:

- (a) page i of this Brief contains a table of contents;
- (b) pages 1-2 of this Brief contain a concise summary of the substantive arguments presented;
- (c) pages 6-13 of the brief accompanying the original application contain a statement identifying how Verizon meets the requirements of section 271(c)(1), including a list of the specific agreements on which Verizon bases its application; pages 14 n.16 of the brief accompanying the original application describes the status of federal-court challenges to the agreements pursuant to section 252(e)(6);
- (d) page 1 of this brief, and pages 90-94 of the brief accompanying the original application contain a statement summarizing the status of the New Jersey Board of Public Utilities' proceeding examining Verizon's compliance with section 271;
- (e) this brief and the brief accompanying the original application contain all legal and factual arguments that the three requirements of section 271(d)(3) have been met, and is supported as necessary with selected excerpts from the supporting documentation (with appropriate citations): pages 3-18 of this brief and pages 14-71 of the brief accompanying the original application address the requirements of section 271(d)(3)(A); pages 71-76 of the brief accompanying the original application address the requirements of section 271(d)(3)(B); and pages 76-109 of the brief accompanying the original application address the requirements of section 271(d)(3)(C);
- (f) page i of this Brief contains a list of all appendices (including declarations) and the location of and subjects covered by each of those appendices;
- (g) inquiries relating to access (subject to the terms of any applicable protective order) to any confidential information submitted by Verizon in this application should be addressed to: Steven McPherson, Verizon, 1515 North Court House Road, Suite 500, Arlington, Virginia 22201, (703) 351-3083;
- (h) Anti-Drug Abuse Act certifications as required by 47 C.F.R. § 1.2002 are appended to the brief accompanying the original application;
- (i) certifications signed by an officer or duly authorized employee certifying that all information supplied in this application is true and accurate to the best of his or her information and belief are appended hereto and to the brief accompanying the original application.

Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Application by Verizon New Jersey)
Inc., Bell Atlantic Communications,)
Inc. (d/b/a Verizon Long Distance),)
NYNEX Long Distance Company)
(d/b/a Verizon Enterprise Solutions),)
Verizon Global Networks Inc., and)
Verizon Select Services Inc., for)
Authorization To Provide In-Region,)
InterLATA Services in New Jersey)

WC
cc Docket No. 02-67

SUPPLEMENTAL FILING OF VERIZON NEW JERSEY

SUPPLEMENTAL APPENDIX A

Supplemental Declaration of Kathleen McLean,
Raymond Wierzbicki, Catherine T. Webster, and Julie A. Canny
(Operations Support Systems)

Supplemental Declaration of Patrick A. Garzillo and
Marsha S. Prosini
(Pricing)

and

Supplemental Declaration of John A. Torre
(Local Competition)

SUPPLEMENTAL FILING OF VERIZON NEW JERSEY

SUPPLEMENTAL APPENDIX A

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Supplemental Declarations

Tab	Declarant	Subject
A	Kathleen McLean, Raymond Wierzbicki, Catherine T. Webster, and Julie A. Canny	Operations Support Systems
B	Patrick A. Garzillo and Marsha S. Prosini	Pricing
C	John A. Torre	Local Competition



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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Application by Verizon New Jersey)	
Inc., Bell Atlantic Communications,)	
Inc. (d/b/a Verizon Long Distance),)	
NYNEX Long Distance Company)	CC Docket No. 02- ____
(d/b/a Verizon Enterprise Solutions),)	
Verizon Global Networks Inc., and)	
Verizon Select Services Inc., for)	
Authorization To Provide In-Region,)	
InterLATA Services in New Jersey)	

**SUPPLEMENTAL DECLARATION OF
KATHLEEN McLEAN, RAYMOND WIERZBICKI,
CATHERINE T. WEBSTER, AND JULIE A. CANNY**

1. My name is Kathleen McLean. I am a Senior Vice President within Verizon's Information Technology organization, responsible for assuring the implementation of Operation Support Systems ("OSS") capabilities and system performance measures consistent with the Telecommunications Act of 1996 ("1996 Act") and other legal and regulatory obligations. My qualifications are set forth in a Declaration that Raymond Wierzbicki, Catherine T. Webster, and I filed with Verizon's New Jersey Section 271 Application on December 20, 2001. I am accountable for the entire Supplemental Declaration.

2. My name is Raymond Wierzbicki. I am a Group President in Verizon Wholesale Services organization, responsible for end-to-end service delivery for all products and services in support of new and emerging wholesale markets. My specific

responsibilities include all operations and service aspects of the wholesale business including Customer Care, Provisioning and Maintenance, Process Management including Methods and Procedures, and Technology and System Integration. My qualifications are set forth in a Declaration that Kathleen McLean, Catherine T. Webster, and I filed with Verizon's New Jersey Section 271 Application on December 20, 2001. I am accountable for the entire Supplemental Declaration.

3. My name is Catherine T. Webster. I am a Vice President in Verizon's Network Services Finance organization, responsible for Wholesale Revenue Assurance, Billing, and Collection functions. My qualifications are set forth in a Declaration that Kathleen McLean, Raymond Wierzbicki, and I filed with Verizon's New Jersey Section 271 Application on December 20, 2001. I am accountable for Section VI of our Supplemental Declaration.

4. My name is Julie A. Canny. I am an Executive Director in Verizon's Wholesale Services organization, responsible for developing and implementing Verizon's performance measurements and remedy plans for wholesale products and services. My qualifications are set forth in a Declaration that Elaine M. Guerard, Marilyn C. DeVito, and I filed with Verizon's New Jersey Section 271 Application on December 20, 2001. I am accountable for the definitions and calculation of performance measures discussed in our Supplemental Declaration.

I. Purpose

5. During the late stages of the proceedings on Verizon's original application for New Jersey, one commenter (Metropolitan Telecommunications Corporation ("MetTel")) submitted lengthy ex partes claiming that Verizon's performance in providing notifiers to

CLECs concerning the status of their orders is flawed. Those claims do not contravene, in any manner, Verizon's demonstration that it provides CLECs with nondiscriminatory access to its OSS as required by Section 271 of the 1996 Act, and that those OSS are supporting commercial activity in a competitive local services market in New Jersey today. Furthermore, MetTel's claims are not representative of the preponderance of market experience, but rather are a series of exception analyses based on assumptions that are fundamentally flawed. The purpose of this Supplemental Declaration is to provide additional information demonstrating that Verizon provides timely and accurate status notifiers to CLECs for the orders they submit to Verizon. In addition, we provide additional information demonstrating that, in those few instances where a CLEC submits a trouble ticket for a notifier it was expecting but has not yet received, Verizon resolves the trouble tickets on a timely basis.

II. Overview

6. Verizon has deployed the necessary systems and personnel to provide competing carriers in New Jersey with access to each of the necessary OSS functions. As the detailed information provided in our application and supplemented below demonstrates, Verizon's OSS are processing commercial volumes of ordering transactions in New Jersey in a timely and accurate manner. Verizon has met or bettered the performance standard for timeliness of confirmation, reject and completion notices overall and in most sub-categories from June 2001 through January 2002. When there are exceptions, Verizon investigates the situation, determines and takes the corrective action in a timely manner. This is evident in the small number of trouble tickets submitted for delayed notifiers and the timely resolution of PONs reported on those

tickets. In 2001, CLECs submitted trouble tickets on just one-tenth of one percent of the orders in New Jersey, and 90 percent of those trouble ticket orders were from MetTel. For the period August 2001 to February 2002, Verizon resolved over 95 percent of trouble ticket PONs within 5 business days, and over 99 percent in 13 days. In addition, Verizon works closely with MetTel in New Jersey on a business to business basis to support ongoing operations and special projects as well as to address any trouble tickets for delayed notifiers or other issues.

III. Verizon Provides Timely Confirmation and Reject Notifiers

7. MetTel's first claim is that Verizon does not return confirmation and reject notices on time. *See* Ex Parte Letter from Anna Sokolin-Maimon, MetTel, to William Caton, Acting Secretary, FCC, CC Docket No. 01-347 (FCC filed Feb. 1, 2002), Slide 4 ("MetTel February Ex Parte"); Ex Parte Letter from Anna Sokolin-Maimon, MetTel, to William Caton, Acting Secretary, FCC, CC Docket No. 01-347 (FCC filed Mar. 11, 2002), Att. B ("MetTel March Ex Parte"). MetTel is wrong. Verizon's performance for unbundled network element platform ("UNE-P") and resale orders (the types of orders that MetTel submits) has been excellent, both for MetTel specifically and for CLECs in the aggregate – 95 percent or better on time in each month from June 2001 through February 2002 under Carrier-to-Carrier measures that were developed through consensus with CLECs and approved by the New Jersey Board of Public Utilities ("New Jersey Board") and many other state commissions in Verizon's service areas. *See* Attachment 1; Guerard/Canny/Abesamis Decl. ¶¶ 14-23.

8. The timeliness of order confirmations and reject notices for orders for resale services and unbundled network elements ("UNEs") is measured in hours from the time

Verizon receives the order until the confirmation or reject notice is sent to the CLEC.

Under the Carrier-to-Carrier Guidelines, Verizon reports both the average length of time it takes to return confirmation or reject notices to CLECs, and the percent of confirmation or reject notices returned within the established benchmark (described below) for the ordering category.

9. The Carrier-to-Carrier Guidelines disaggregate both the average response time measures and the percent within benchmark measures into sub-measures depending on whether the order flowed through or required manual processing, and for those requiring manual processing, depending on the number of lines on the order. The Carrier-to-Carrier Guidelines establish a benchmark of 2 hours for returning order confirmations or rejections for flow through orders, whether Resale or UNE; a benchmark of 24 hours for order confirmations or rejections for manually handled Resale or UNE POTS orders with fewer than six lines; and a benchmark of 72 hours for Resale or UNE POTS orders with six lines or more.¹ See Guerard/Canny/DeVito Decl. ¶¶ 53-54; McLean/Wierzbicki/Webster Decl. ¶ 75. The standard set by the Guidelines is 95 percent of notices returned within the benchmark. The Federal Communications Commission

¹ The measure designations for Order Confirmation Timeliness are OR-1-01 (Average Local Service Request Confirmation Time – LSRC – Flow-Through); OR-1-02 (Percent On Time LSRC – Flow-Through); OR-1-03 (Average LSRC Time < 6 Lines – Electronic – No Flow-Through); OR-1-04 (Percent On Time LSRC < 6 Lines – Electronic – No Flow-Through); OR-1-05 (Average LSRC Time >= 6 Lines – Electronic – No Flow-Through); OR-1-06 (Percent On Time LSRC >= 6 Lines – Electronic – No Flow-Through). The measure designations for Reject Timeliness are OR-2-01 (Average Local Service Request – LSR – Reject – Time – Flow-Through); OR-2-02 (Percent On Time LSR Reject – Flow-Through); OR-2-03 (Average LSR Reject Time < 6 Lines – Electronic – No Flow-Through); OR-2-04 (Percent On Time LSR Reject < 6 Lines – Electronic – No Flow-Through); OR-2-05 (Average LSR Reject Time >= 6 Lines – Electronic – No Flow-Through); OR-2-06 (Percent On Time LSR Reject >= 6 Lines – Electronic – No Flow-Through).

(“Commission”) has previously determined that meeting these benchmarks demonstrates nondiscriminatory access to Verizon’s ordering OSS. *See Application of Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Services in the State of New York*, Memorandum Opinion and Order, 15 FCC Rcd 3953, ¶¶ 164, 180 (1999) (“NY 271 Order”); *Application of Verizon New England, et al., for Authorization to Provide In-Region, InterLATA Services Massachusetts*, Memorandum Opinion and Order, 16 FCC Rcd 8988, ¶¶ 71, 74 (2001) (“Massachusetts 271 Order”).

10. For the eight month period of June 2001 through February 2002, Verizon’s on-time performance for returning confirmation and reject notices for resale and UNE-P orders in New Jersey exceeded 95 percent overall, collectively and across almost all of the individual order type sub-measures both for CLECs in the aggregate and for MetTel. *See* Attachment 1. In those few cases where Verizon did not meet the 95 percent standard on a particular sub-measure, the number of observations is so small that missing just one or two orders caused the sub-measure to miss the standard. *See* Attachment 1.

11. MetTel also claimed that the average time to respond is three times as long in New Jersey as it is in Pennsylvania. MetTel February Ex Parte, Slide 4; MetTel March Ex Parte, Att. B. MetTel did not provide either its calculation methodology or the data underlying its conclusion. Nevertheless, it is apparent that MetTel has determined a single “average” for all of its orders in each state. That is inappropriate, since the types of orders that MetTel submits in the two states vary. Although MetTel submits resale and UNE-P orders in both states, the order activity is actually quite different. In

Pennsylvania, over **** percent of MetTel's orders from June through December were changes to an existing account. These tended to be SNPs (suspensions for non-payment) and feature changes, which are relatively simple and generally flow through. Therefore, they are subject to a 2-hour benchmark for returning confirmation and reject notices. In contrast, in New Jersey, **** percent of MetTel's orders over this time frame were new accounts or migrations, and the majority of these were for business accounts. In general, a high proportion of these orders are complex orders that do not flow through and therefore are subject to a 24-hour interval. See Attachment 2 (detail for June through October 2001 orders was provided in Verizon's ex parte filed February 25, 2002). The reason Pennsylvania has a shorter weighted average response time is that it has a higher proportion of orders subject to the 2-hour response time.

IV. Verizon Provides Timely Completion Notifiers

12. MetTel also claims that Verizon does not return completion notices on time. MetTel February Ex Parte, Slides 5-10; MetTel March Ex Parte, Att. B. Again, MetTel is wrong. Verizon's performance in returning both provisioning completion notices (showing that work on a CLEC's order has been completed) and billing completion notices (showing that the billing systems and records have been updated) has been very strong. Under the New Jersey Board-approved Carrier-to-Carrier performance measures, Verizon has returned 95 percent or more of provisioning completion notices for both resale and UNE orders on time each month from June 2001 through February 2002. Similarly, overall, for the months April through December 2001, Verizon returned more than 97 percent of the 241,000 billing completion notices it sent to CLECs in New Jersey for both UNE and resale orders by noon the next day.